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Assistance to the Palestinian people

Report of the Secretary-General

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I. INTRODUCTION

1. On 20 December 1994, the General Assembly adopted resolution 49/21 N, entitled "Assistance to the Palestinian People", in which it, inter alia, stressed the importance of the appointment of the Special Coordinator in the Occupied Territories and of the steps taken under the auspices of the Secretary-General to ensure the achievement of a coordinated mechanism for United Nations activities throughout the occupied territories; urged Member States and agencies of the United Nations system to extend, as rapidly and as generously as possible, economic and social assistance to the Palestinian people to assist in the development of the West Bank and Gaza, with emphasis on national execution and capacity-building and to do so in close cooperation with the Palestine Liberation Organization and through official Palestinian institutions; called upon the international donor community to expedite the delivery of pledged assistance to the Palestinian people to meet their urgent needs; and requested the Secretary-General to submit a report to the Assembly on the implementation of the resolution, containing: (a) an assessment of the assistance actually received by the Palestinian people; and (b) an assessment of the needs still unmet and specific proposals for responding effectively to them.

2. Ambassador Terje Rod Larsen of Norway was appointed Special Coordinator in the Occupied Territories in June 1994. In his previous report on assistance to the Palestinian people (A/49/263-E/1994/112 and Corr.1), the Secretary-General provided an overview of the initial activities of the Special Coordinator. The present report covers the period from August 1994, when the Special Coordinator established residence in the occupied territories, through June 1995.

3. In order to effect visible and immediate improvements in the lives of the Palestinian people in the West Bank and Gaza Strip, the Special Coordinator proceeded simultaneously on four fronts: supporting ongoing activities of the United Nations in the occupied territories; facilitating development of public works projects to provide immediate employment opportunities and bring visible changes to the Gaza Strip; establishing a coordination mechanism on the ground to ensure the effective disbursement of donor pledges made at the Conference to Support Middle East Peace, held in Washington, D.C., on 1 October 1993; and coordinating training and other assistance for the incoming Palestinian police force.

4. The efforts of the Special Coordinator were undertaken consistent with the recommendations of the high-level United Nations task force on social and economic development of the Gaza Strip and Jericho formed by the Secretary-General in September 1993, prior to the signing by Israel and the Palestine Liberation Organization of the Declaration of Principles on Interim Self-Government Arrangements (see A/48/486-S/26560). This task force had recommended that the ongoing activities of United Nations agencies in the occupied territories, implemented primarily by the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), be fully supported and extended. These activities, mainly covering health and environmental health, education, social services, institution-building and support to the private sector, represented over one half of all public sector

expenditure in the Gaza Strip and about one third of it in the West Bank. Ensuring continuity and further development of these services was a key factor in supporting social stability in the occupied territory at a time of rapid political change. The second main recommendation of the task force was that additional activities should be undertaken to improve immediately the existing basic and social services infrastructure in order to make tangible improvements in the daily lives of the Palestinian people, provide much-needed employment opportunities in the implementation phase and help in the development of essential infrastructure in support of the incoming Palestinian Authority.

II. ESTABLISHMENT OF A COORDINATION MECHANISM

5. On 29 and 30 November 1994, the main donor-led body overseeing the assistance effort, the Ad Hoc Liaison Committee, met at Brussels. At the suggestion of the United Nations, the Committee decided to devolve certain aspects of the donor coordination process to the level of representatives in the West Bank and the Gaza Strip. For that purpose, the Committee established a Local Aid Coordination Committee, to be composed of the Palestinian Authority and all donors to the Palestinians in the West Bank and the Gaza Strip. The co-chairs of the Local Aid Coordination Committee are Norway, in its capacity as Chair of the Ad Hoc Liaison Committee, the Office of the United Nations Special Coordinator and the World Bank. The latter two act as joint secretariat to the Local Aid Coordination Committee. The Local Aid Coordination Committee reports to the Ad Hoc Liaison Committee.

6. The Local Aid Coordination Committee decided in December 1994 to establish 12 sectoral subcommittees, known as sectoral working groups, to focus donor assistance to the Palestinians consistent with the priorities set by the Palestinian Authority, with input from the United Nations and the World Bank. Each sectoral working group is composed of all donors interested in that particular sector, with one donor representative as shepherd of the committee; representatives of relevant Palestinian Authority ministries, as gavel holders; and the World Bank and/or the United Nations as secretariat for each group. The 12 subcommittees cover agriculture, education, creation of employment, environment, health, infrastructure and housing, institution-building, police, private sector, public finance, tourism and transport and communications. The Special Coordinator delegated secretariat responsibilities to United Nations agencies with an established presence on the ground, namely, UNDP, UNICEF, UNRWA, and the World Health Organization (WHO). The Office of the Special Coordinator also assumed secretariat responsibilities.

7. By way of example, the sectoral working group on employment generation, with Sweden as shepherd, the Palestinian Authority as gavel holder and UNDP as secretariat, had raised as of March 1995 over $25 million for projects to be implemented by the Palestinian Economic Council for Development and Reconstruction, UNDP and UNRWA. Some 5,000 jobs were created through the implementation of these projects. In April 1995, the Special Coordinator and the Government of Sweden jointly undertook fund-raising efforts to finance additional projects developed under the auspices of the sectoral working group on employment generation. The other 11 sectoral working groups were working on a similar basis, identifying priorities with the Palestinian Authority.

discussing project proposals with the main implementing agencies (the Palestinian Economic Council for Development and Reconstruction, United Nations agencies and programmes and the World Bank) and identifying possible sources of funding.

8. Parallel to the establishment of the donor coordination structures, the Special Coordinator undertook efforts to sharpen the focus of United Nations assistance to the Palestinian people in the West Bank and the Gaza Strip. At an inter-agency meeting convened by him in Gaza in December 1994, attended by over 20 agencies and programmes of the United Nations, it was decided to form six priority sector groups covering the main areas of United Nations activities on the ground. These priority sector groups cover education, employment generation, health, infrastructure and housing, institution-building and the private sector. Each priority sector group is composed of all United Nations organizations working in or intending to work in that sector in the West Bank and the Gaza Strip, with one United Nations agency as focal point for the United Nations system in that sector. The International Labour Organization (ILO), UNDP, UNESCO, UNICEF and WHO assumed focal point responsibilities.

9. The aim of the priority sector groups is to achieve a coordinated, integrated and targeted approach to United Nations assistance to the Palestinians in the West Bank and the Gaza Strip, as called for by the Secretary-General. The focal points play a lead role in the development of United Nations sectoral strategies and programmes of action; assist United Nations organizations not yet operational by providing information on Palestinian priorities and donor interests; and inform Palestinian institutions and donors of the capacities within the United Nations family. Under the umbrella of the priority sector groups, all United Nations organizations with an interest in a particular sector can find a framework for inclusion in the common development assistance effort. By organizing United Nations agencies according to their sectoral interests, greater efficiency in planning and output can be achieved and duplication avoided.

10. The United Nations focal point for a priority sector group generally serves also as the secretariat for the corresponding sectoral working group (under the Local Aid Coordination Committee) and thus ensures that United Nations organizations active in a particular sector can keep abreast, through the focal point, of the priorities of relevant Palestinian Authority ministries and representatives, as well as of donor funding priorities and concerns.

11. In late April 1995, the Ad Hoc Liaison Committee convened a meeting in Paris against a backdrop of growing financial difficulties for the Palestinian Authority, which faced a projected budget deficit of $136 million. Within the framework of the Ad Hoc Liaison Committee, on 27 April 1995, the Palestinian Authority, the Government of Israel and the Chair of the Ad Hoc Liaison Committee, on behalf of the donors, concluded a Tripartite Plan of Action that elaborated commitments and responsibilities that each party undertook to fulfil in connection with the donor effort to bridge the budget deficit.

12. At the meeting in Paris, the Ad Hoc Liaison Committee re-established the Joint Liaison Committee (an earlier version of this body had been unable to convene), which provides a forum in which to discuss with the Palestinian

Authority economic policy and practical matters related to donor assistance. It is comprised of the Palestinian Authority as gavel holder; Norway, in its capacity as Chair of the Ad Hoc Liaison Committee, as shepherd; the United Nations and the World Bank as joint secretariat; the United States of America and the European Union. Japan was also asked to take part in the meetings. In addition to taking up bilateral issues relating to donor assistance, the Joint Liaison Committee will discuss progress in the implementation of the Tripartite Plan of Action, with the participation of representatives of Israel, who will be invited especially for this purpose. The Joint Liaison Committee first met on 15 May 1995. At the second meeting of the Joint Liaison Committee, on 18 May 1995, at the suggestion of the United Nations, it was decided to form a Task Force on Project Implementation (to be comprised of the Palestinian Economic Council for Development and Reconstruction as gavel holder, the United States and the European Commission as co-shepherds, the Office of the Special Coordinator as secretariat, as well as the World Bank, UNDP and UNRWA), which will examine technical and other obstacles to timely implementation of projects and seek solutions for addressing such obstacles. The Task Force reports to the Joint Liaison Committee, which will discuss obstacles with the appropriate party, whether the Palestinian Authority, the Government of Israel, the donors or the implementing agencies.

13. The Special Coordinator convened a second inter-agency meeting in Gaza in June 1995 to examine the evolving role of the United Nations in the West Bank and the Gaza Strip and to review progress made in implementing the United Nations coordination mechanisms that had been agreed upon at the first inter-agency meeting in December 1994. A central objective of the meeting was to discuss draft sectoral strategy papers under preparation by the priority sector focal points in consultation with interested United Nations organizations. These sectoral papers and accompanying project documents will form the core of the United Nations coordinated, targeted and unified strategy for expanding its ongoing programmes and undertaking new initiatives for the benefit of the Palestinian Authority and the Palestinian people in the West Bank and the Gaza Strip in the coming period. More than 20 agencies and programmes of the United Nations system participated.

14. The sectoral strategy papers and accompanying project documents will provide the basis for the fund-raising by the United Nations Special Coordinator, on behalf of and in coordination with implementing agencies. There will be an opportunity for presenting these targeted and unified strategies to donors in the Consultative Group chaired by the World Bank, to take place later in the summer of 1995. Over the past 12 months, the World Bank and the Office of the Special Coordinator have developed a strong partnership on the ground, exemplified by frequent consultations, and the joint secretariat and co-chair functions shared by them in the context of the Local Aid Coordination Committee and the Joint Liaison Committee. The respective roles of the World Bank and the United Nations have, through close coordination and regular exchange of information, developed in a complementary fashion. This relationship, with strong support from donor representatives, has helped to focus the donor-led coordination effort and avoid duplication of work and has allowed for a more coordinated approach between the donors, implementing agencies and the Palestinian Authority.

III. ASSISTANCE TO THE PALESTINIAN PEOPLE: ONGOING PROGRAMMES, UNMET NEEDS AND PROPOSALS FOR ADDITIONAL ASSISTANCE

15. After consultations with the programmes and agencies of the United Nations system active in the area (a list of which appears in the annex to the present report), the Special Coordinator prepared the following update on United Nations assistance received by the Palestinian people in the occupied territories, as well as an analysis of needs still unmet and specific proposals for responding effectively to them.

A. United Nations assistance in infrastructure

16. The UNDP Programme of Assistance to the Palestinian People is oriented towards water supply, sanitation, agriculture, industry and housing. Since the inception of the Programme of Assistance to the Palestinian People, approximately 70 per cent of the UNDP budget has been expended in these five areas. UNDP infrastructure projects are usually an integrated package of technical assistance, training and capital assistance, with capital assistance amounting to 80 per cent of UNDP budget expenditures. Projects are funded through the UNDP central budget and joint funding from donors.

17. UNDP has implemented projects targeted at improving water infrastructure, providing enhanced service to over 200,000 people in 40 villages and a number of towns in the West Bank and the Gaza Strip. The projects have included the construction of main lines, water networks and reservoirs, the rehabilitation of springs and wells and the reconstruction of irrigation channels. In addition, UNDP has been working with municipalities, providing technical and management support to municipal water departments through hands-on training to operate and maintain water supply and distribution systems, as well as training on management and cost recovery systems. In 1994, UNDP established the Water Resources Action Programme, with a mandate to work towards developing and enhancing the capacity of the recently established Water Authority to manage, assess and regulate water resources effectively.

18. In 1987, UNDP undertook the implementation of a complete sewage collection, treatment and disposal scheme for the northern Gaza Strip, including the reconstruction and upgrading of a treatment plant and related infrastructure for the municipality of Gaza; a sewage collection network with five pumping stations for Jabalia refugee camp; a sewage collection and disposal system for Beit Hanoun Town; a similar sewage system in the non-sewered area around the Tal-Ezza'tar refugee camp and the upgrading and proper operation of the main sewage treatment plant at Beit Lahia.

19. In the West Bank, UNDP constructed a sewage collection network in Balata refugee camp in Nablus. UNDP is presently working on the preparation of a sewage master plan for the middle region of the West Bank, covering 2 main cities and over 30 localities. Similarly, a project is due to start in the city of Hebron which will focus on the formulation of a conceptual master plan for sewerage.

20. UNDP has constructed 223 classrooms in various locations in the West Bank and the Gaza Strip, serving over 9,000 female and male students. A school complex in the city of Jericho will soon be completed, addressing the city's need for school space for the next five years. UNDP, in coordination with the cooperative representing Gaza fishermen, constructed 14 fish retail stores, an administration building for the cooperative, an ice block factory and a refrigeration facility. In 1993, UNDP implemented a programme to encourage the use of modern irrigation techniques by Palestinian farmers. In the northern region of the Gaza Strip, UNDP constructed a packing and grading house for the Beit Lahia agricultural cooperative and installed automated equipment for packing and grading tomatoes and potatoes. UNDP has initiated a project to renovate two Palestinian intermediate-level agricultural training schools at Al-Aroob in Hebron and Beit Hanoun in Gaza.

21. UNDP is reconstructing hospitals in the West Bank cities of Hebron, Beit-Jala and Nablus. In 1993, UNDP completed the construction of a new east wing at Hebron Princess Alia Hospital, which serves as an outpatient clinic, and renovated an additional one third of the hospital. In early 1994, UNDP began construction to upgrade facilities at Beit-Jala Hospital. Also in 1994, UNDP initiated construction activities for expanding the Women's Union Hospital of Nablus. The proposed two-storey annex will house three operating theatres, including services and intensive care units.

22. In the West Bank, UNDP implemented construction of a complex of 86 stores and a cold storage facility at the Nablus municipal vegetable wholesale market, with built-in cost recovery mechanisms to ensure future maintenance. In Gaza, in 1994, UNDP completed a 20-ton-per-hour citrus juice factory. The plant consumes about 30 per cent of the Gaza citrus crop per annum (45,000 tons) and produces fresh juice, juice concentrate and essential oils.

23. UNDP is presently implementing a housing project in Beit Hanoun, in the Gaza Strip, which will provide 256 fully serviced housing units for families of the Palestinian police force with public utilities. In addition, UNDP has recently funded a physical planning study throughout the West Bank and the Gaza Strip to ascertain disparities in infrastructure requirements. The study will identify investment opportunities in agriculture and local infrastructure, including roads and transport, markets and storage facilities, water supply and sanitation, solid waste collection and disposal, housing, education and health, and power supply.

24. UNRWA has provided basic infrastructure facilities for over 450,000 Palestinian refugees residing in refugee camps throughout the West Bank and the Gaza Strip. During its 45 years of operation in the West Bank and Gaza, UNRWA has undertaken a number of infrastructure projects in order to improve various facilities, including schools, health clinics, shelters, roadways, water supply and sanitation networks.

25. A significant proportion of the funds required for routine upgrading of infrastructure has been financed through UNRWA's General Fund. In 1988, UNRWA launched its Expanded Programme of Assistance in order to solicit donor funding for more substantial infrastructural projects in all sectors. Owing to the deplorable state of environmental health, special priority was given to sewage

and drainage projects in Gaza, especially in Beach Camp and the municipality of Gaza. In October 1993, UNRWA launched its Peace Implementation Programme, targeted at infrastructural projects in the West Bank and the Gaza Strip, of which most projects are either completed or under implementation. The second phase of the Peace Implementation Programme was launched in November 1994. Under the first phase, funds have been received for environmental health projects in several of the camps in the West Bank and Gaza, including projects to improve sewerage, storm-water drainage and solid waste disposal. UNRWA is presently negotiating the implementation of sewerage and storm-water drainage projects in the Beach Camp-Sheikh Radwan area.

26. Under the first phase of the Peace Implementation Programme, UNRWA has already implemented some $30 million worth of projects to upgrade educational infrastructure. In Gaza alone, UNRWA has constructed and equipped 24 new schools and has added specialized rooms and extra classrooms to a range of existing schools. In the West Bank, nine schools have been upgraded and an additional nine schools are currently under construction. Under the second phase of the Programme, UNRWA has so far been able to generate funds to permit the construction of one additional school as well as 42 additional classrooms in Gaza. Additional projects have been designed and are awaiting funding.

27. Under the first phase of the Peace Implementation Programme, UNRWA is currently implementing $9 million worth of projects in the health sectors, including construction of a college of nursing, a dental clinic at Maghazi refugee camp and two health centres at Deir el-Balah and Khan Younis. In the West Bank, new health centres/clinics are being constructed in Biddo, Nablus, Ein Arik, Beit Our, Ya'bad and Ramadin. In addition, UNRWA is currently in the final stages of constructing and equipping a new 230-bed hospital in Khan Younis, which should be operational in early 1996.

28. Under the first phase of the Peace Implementation Programme, UNRWA has accorded a special priority to rehabilitating the shelters of those refugees who are worst off, particularly those families without an adult male breadwinner, UNRWA's special hardship cases. Within the first phase of the Programme, $20.8 million has been raised for this purpose and within the second phase an additional $6 million has been raised. Under this programme, a total of 3,626 shelters will be rehabilitated and, in Gaza, an additional 2,078 shelters will be re-roofed. Rehabilitation of over 2,400 shelters is now completed and work is under way on the remaining shelters.

29. The International Civil Aviation Organization (ICAO) fielded a mission to the occupied territories in April 1995 to assess the needs of Palestinian civil aviation. The ICAO mission, in cooperation with the Palestinian Civil Aviation Authority, identified the need for the construction of an airport in the Gaza Strip and one in Jericho, as well as the need for a civil aviation master plan.

1. Main development needs

30. Infrastructure development is intimately related to the development of other sectors. Roads, water and sanitation, electricity and communication systems, hospitals and schools are the foundations of economic and social

activities crucial to the development of education, health care, industry, business and agriculture.

31. Water infrastructure in the West Bank and the Gaza Strip is inadequate and deteriorating. Large volumes of water go unaccounted for owing to extensive leakage, incorrect metering and theft. Wells require upgrading, and supply networks should be rehabilitated. Institutional constraints also affect the delivery of water services. Small municipalities and village councils have limited human and financial resources, and, as a result, supply, management and planning are handicapped. The result is ineffective operation and maintenance and ad hoc investment, planning and execution. Efficient water preservation and distribution systems should be put in place. Greater focus should be placed on building Palestinian capacity in water resource planning and management (water policy, legislative frameworks, medium- and long-term management strategies, macroeconomic planning, etc.).

32. Environmental health and sanitation infrastructure is in need of upgrading in most areas. Inadequate solid waste disposal and sewage systems, including proper treatment and disposal schemes, endanger the quality of the water supply and public health. Most communities in the West Bank and the Gaza Strip, including those in densely populated urban areas, dispose of raw sewage into cess pits, which often overflow or seep into underground aquifers. In many municipal areas served by sewage schemes, the collection networks are antiquated and poorly maintained, and regularly overflow into the streets. Sewage treatment plants, where they exist, are inadequate, incomplete, poorly maintained and require extensive upgrading, rehabilitation and planned operation and maintenance. In particular, the benefit of completed, ongoing and planned projects in the Gaza Strip will not be fully realized until the treatment plant south of Gaza City has undergone a major upgrading and expansion. This plant is integral to the environmental health programme around Gaza City.

33. Agriculture is the most important sector of the economies of the West Bank and the Gaza Strip. Palestinian agriculture operates in a context of poor and few agricultural roads, limited application of new irrigation, land reclamation constraints and the absence of appropriate physical facilities (packing and grading houses, cold storage facilities, etc.). Economic development in the occupied territories should entail the upgrading of the agricultural industrial base, including the development of modern techniques of cultivation, irrigation, packaging, refrigeration, storage and shipment.

34. The infrastructure for private sector and industry is lacking, particularly the transportation infrastructure. There are no airports or seaports, and existing roads are inadequate. Many villages in the West Bank have no paved access. In Gaza, most of the road system is less than five metres wide and is only semi-paved or unpaved. As a result, industry is unable to transport raw material and finished products, trade is retarded and products reach the market in such poor condition that costs cannot be recovered. Ninety-five per cent of the urban Palestinian population of the West Bank enjoys continuous electrical supply. However, most rural areas receive electricity for a limited time every day. Twenty-five villages have no electrical supply at all. While almost all households in Gaza are connected to the electricity network, existing transformers fail to meet the combined demand of industrial and domestic

consumers. Frequent voltage fluctuations and the fact that the supply rarely reaches the standard 220 volts, undermine the development of Gaza industry. Machinery is damaged by surges and fluctuations and cannot operate at peak efficiency if the electrical supply is inadequate. Similarly, communications systems are presently controlled solely by the Israeli monopoly, except in the Gaza Strip, where the local utility is controlled by the Palestinian Authority. The majority of villages and camps in the West Bank and the Gaza Strip have no access to the telecommunications network. Even in urban areas, the grid requires expansion and extensive maintenance. In order to be competitive, industry, and the private sector in general, requires an improved and expanded road system, upgraded and expanded electrical and communications networks and access to technology. There is considerable need to construct national power generation plants, develop energy planning and information systems, create energy efficiency programmes for industry and the power sector and explore alternative renewable energy technologies (solar, wind and others). While primarily benefiting the private sector, the need for improved telephone and related services such as postal services, telex, telephone and data communications will also enhance the provision of health and social services and the quality of life in general.

35. The pressure on housing is very real. There is a need to plan and construct additional housing units, as well as to improve the living conditions of the refugees through rehabilitation of existing shelters.

36. The education system faces critical infrastructure problems, such as overcrowded classrooms, decrepit physical facilities and a near total absence of libraries or science laboratories. Priority should be placed on rehabilitation of old infrastructure and the construction of new/additional buildings, classrooms and laboratories to meet the quickly expanding needs of a growing population.

37. Government health care facilities are deteriorating, poorly maintained and under-equipped. The number of hospital beds is insufficient and poorly distributed. Construction and rehabilitation of hospitals, clinics, operating theatres, rehabilitation centres and special care facilities should be combined with the upgrading of medical equipment and the development of cost recovery mechanisms to sustain such inputs.

2. Integrated United Nations approach

38. The focus of the United Nations strategy for infrastructure and housing development should remain on rehabilitation, operation and maintenance of the existing physical infrastructure facilities as a first priority, while simultaneously developing sustainable capacity and skill within the Palestinian community to manage, operate and maintain such facilities, through the establishment of adequate management systems and structures, on-the-job training and transfer of skills and knowledge. Capital investments in infrastructure should be combined with tailored technical assistance packages.

39. In addition, new areas should be developed for new housing with integrated housing and infrastructure programmes. In general, attention should be given to

the fundamental connection between infrastructure needs and housing strategies, preferably in a comprehensive development plan.

40. In rehabilitating and upgrading existing infrastructure and services, and developing new ones, the institutional strategy should be carefully elaborated with the Palestinian Authority. The International Telecommunication Union (ITU) in telecommunications, the Universal Postal Union (UPU) in postal communications, as well as the United Nations Centre for Human Settlements (Habitat), UNRWA and UNDP have been active to varying degrees in this process. The financial strategy should be based on two options: (a) cost recovery through user charges complemented by targeted subsidies; and (b) optimum mobilization of fiscal resources. An adequate financial strategy is a prerequisite for sustainable development. Finally, the technical strategy should take an approach based on affordable standards and labour-intensive methods and techniques.

41. The housing policy should focus on strengthening existing institutional capacity in the public and private sector; housing finance and affordability, including credit and innovative loan products; labour-intensive construction techniques; use of small-scale contractors; and support to the informal sector technically and financially. Work should also proceed on creating a favourable policy environment and legislative regulatory instruments (planning standards, building by-laws, building permits, etc.) suitable to local conditions. Land for housing and land markets is crucial, and any housing policy should address both environmental and equity objectives. The objective should be to strike a balance between the land market and its capacity to deliver land on commercial terms, and land resources management as a condition for sustainable human development. The preparatory process for the United Nations Conference on Human Settlements (Habitat II), which will be held at Istanbul in June 1996, will provide opportunities for Palestinian policy-makers to discuss housing issues, as well as a sustained flow of information.

42. The long-term feasibility and sustainability of any infrastructure project depends on the capability of covering the running costs. Donors have been reluctant to fund running costs of projects. Where projects aim at providing critical services to the Palestinian community, such as large-scale infrastructure projects (sewage/water schemes, treatment plants, etc.), a progressive transfer of the maintenance and operation costs to the managing institutions should be designed into capital investment projects, together with the phasing-in of cost recovery mechanisms. Cost recovery mechanisms can only work when clients are satisfied with services provided and are convinced that fees will keep systems running in the future.

B. United Nations assistance in institution-building

43. Palestinian institutions in the West Bank and the Gaza Strip have existed in three distinct areas: central government, local government, and non-governmental organizations. In central government, Palestinians filled technical and operational functions. As a result, there is a relatively large and skilled human resource base for central government, particularly within sectors such as agriculture, health, education, and finance. However, there is

a gap at the public administration management, policy formulation and decision-making levels of central government which previously fell under the responsibility of Israeli military officials of the civil administration.

44. The Palestinian Authority assumed responsibility for these functions in the Gaza Strip in July 1994, and the scope of its powers extended to areas of central government responsibility in the West Bank in December 1994. As a result, a new level of Palestinian institutions was created in the area. In response, assistance by the United Nations system in institution-building has evolved rapidly over the past year, providing help with the organization and start-up of the Palestinian Authority, both to its ministries, which coordinate activities and formulate national-level policies in different sectors, and to local institutional structures.

45. In the area of local government, Palestinian public institutions have existed for decades in the form of small to medium-sized village councils, local development councils and medium to large municipal administrations. Many of the larger municipal administrations have not been able to perform fully the role of "civic" agents; however, many have accumulated a good deal of expertise in the operation and maintenance of public investments and utilities.

46. At the non-governmental level, a large number of Palestinian non-governmental organizations, sectoral associations of non-governmental organizations, charitable societies, cooperatives, research centres and community-based organizations have operated in the West Bank and the Gaza Strip. Many non-governmental organizations have served - and continue to serve - vital functions. Support from the United Nations system has been provided to and through this network of non-governmental organizations and community-based organizations.

47. In the absence of a central Palestinian authority, UNDP provided its public sector support at the municipal and local levels. Over the years, UNDP has supported various municipalities, primarily through large-scale infrastructure investments combined with training and technical assistance. Since 1994, UNDP has supported rural infrastructure investments, participatory planning and the upgrading of nine village councils through its Local Rural Development Programme. UNDP has responded to the most urgent needs of the Palestinian Authority by providing emergency start-up funding and procurement support to its 14 ministries, as well as the Palestinian Economic Council for Development and Reconstruction, the Palestinian Central Bureau of Statistics, the Palestinian Computer Centre, the Civil Defense Department, Palestinian TV and the Palestinian Environmental Protection Agency.

48. Since early 1995, UNDP has also been managing the TOKTEN (Transfer of Knowledge Through Expatriate Nationals) Programme, which sponsors the return of Palestinian expatriates living abroad for short-duration missions to provide advisory services, consultancy studies and training to Palestinian Authority ministries and private sector institutions. UNDP has also provided financial support to MAS (the Palestine Economic Policy and Research Institute) to undertake economic policy research and develop policy options for the management of the State.

49. In addition, the multi-project Employment-Generating Public Works Programme, established with assistance from UNDP and donors, builds local institutional capacity under the auspices of Programme Management Unit of the Palestinian Economic Council for Development and Reconstruction in Gaza. The sustained efforts of the Programme Management Unit have been central to the development and implementation of infrastructure rehabilitation and construction programmes.

50. UNRWA's long history of assistance to education, health and social services for Palestinian refugees has had a significant impact on the future prospects for institution-building within these and other sectors. With over 5,000 teachers providing primary, preparatory and vocational schooling to 145,000 students, UNRWA dominates the public sector in the West Bank and the Gaza Strip. UNRWA offers basic health and social services to over 1,000,000 registered refugees, operating around 230 out-patient facilities and employing some 100 physicians and 450 other health care workers. In the Gaza Strip, UNRWA provides monthly in-kind support to almost 100,000 of the poorest refugees.

51. UNRWA's activities over the past 50 years have built up substantive local capacity and have dramatically improved the Palestinian human resource base in health care, education and social welfare. These capacities help set the agenda for institutional development across several sectors and in the area of public administration in particular.

52. UNICEF has focused its activities in four key areas: primary health care, primary education, early childhood development, and youth and community development. Since the establishment of the Palestinian Authority, these priorities have shifted in nature towards a long-term institution-building approach, with an emphasis on building the capacity of the new Palestinian ministries and agencies. UNICEF is supporting the Palestinian Authority in its efforts to develop a national programme of action for the Palestinian child, which will provide a broad policy framework for addressing children's issues for the remainder of the decade and beyond.

53. In partnership with the Palestinian Authority, UNESCO has developed a programme of assistance consisting of 27 priority projects within its fields of competence. These include activities to promote strengthening of the Ministry of Education and the Ministry of Culture.

54. As a result of their several missions to the occupied territories, FAO and the Economic and Social Commission for Western Asia (ESCWA) have jointly recommended an action programme for the restructuring, development and strengthening of the Palestinian public agricultural institutions.

55. In February 1994, Habitat conducted a study focusing on capacity-building at the municipality level in the occupied territories. In its report, Habitat recommends a series of support programmes, which could be incorporated into a comprehensive capacity-strengthening programme for municipalities.

56. WHO assistance has focused principally on institutional development and building an infrastructure for primary health care, secondary health care and environmental health, primarily in the Gaza Strip. WHO provided resources for

the establishment and operation of a number of departments of the Palestinian Health Authority. WHO also responded to the request of the Palestinian Council for Health for financial and other assistance in the recruitment of staff and the equipping of five units responsible for the transfer of health services to the Palestinian Authority, the establishment of a health-data system to serve as the basis for health planning; design and evaluation of an insurance system; design of a regulatory framework for health services; and establishment of priorities in the environmental health sector.

57. After fielding a multi-disciplinary mission to the occupied territories in December 1993, ILO made organizational and functional recommendations to strengthen the Ministry of Labour, workers' organizations such as the General Federation of Trade Unions and employers' organizations such as the Chambers of Commerce. Meanwhile, ILO has already started technical assistance and advisory support to the Ministry of Labour and the other institutions.

58. The Special Coordinator in the Occupied Territories is coordinating bilateral and multilateral training programmes for the Palestinian police force. Utilizing a "training-of-trainers" approach, courses have thus far been given for over 500 police trainers. The Special Coordinator has played a central role in coordinating assistance to the police in several areas: in-kind donations; training; and, together with UNRWA, the channelling of donor contributions to cover salary and other recurrent costs of the Palestinian police force. Through close coordination with donors and daily contacts with senior police officials, the Office of the Special Coordinator maintains an overall view of the needs of the police force and the types of assistance offered, thereby avoiding duplication and overlap.

59. In-kind donations for the police were received from 16 donors. These donations covered requirements for: communications equipment, computer systems, construction of premises, forensic equipment, housing for families of the police force, personal and unit equipment, and vehicles. Training for members of the police force were provided by six donor countries and two United Nations organizations (the Centre for Human Rights and the Crime Prevention and Criminal Justice Branch of the United Nations Secretariat). Training covered the following areas: community policing, forensic science, human rights, investigation, management, maintenance of public order, public order and special duty, rescue service, role of the police and traffic. Most training activities were carried out in the Gaza Strip, though some courses were provided in donor countries. In early 1995, discussion between donor representatives and the Palestinian police force, facilitated by the Special Coordinator, began on the establishment of a Palestinian Police Academy to be built in Gaza. By June 1995, several donors had indicated to the Special Coordinator that they were considering providing a combined total of about $1.1 million, which would cover the construction costs of the academy and resident dormitories for cadets.

60. The Department for Development Support and Management Services of the Secretariat has undertaken two needs assessment missions at the invitation of the Palestinian Authority - one on strengthening the capacities of the Ministry of Planning and International Cooperation and the Ministry of Local Government Affairs, and the other on developing the institutional capacity of the Palestinian Authority in terms of civil service training and strengthening the

administrative functioning of the various ministries. United Nations Volunteers has also been exploring avenues of assistance to the Palestinian Authority and to United Nations organizations active on the ground requiring the specific expertise of United Nations Volunteers.

61. The United Nations Institute for Training and Research (UNITAR) has assisted Palestinians through training programmes in multilateral diplomacy and negotiations. Recently, UNITAR designed a training programme on the use of information system techniques for map production (such as land surveying, photogrammetry, cartography, geographic information systems and remote sensing) for Palestinians in the Ministry of Planning and International Cooperation, the Ministry of Local Government Affairs, the Palestinian Geographic Centre and the Ministry of Housing.

62. In its April 1995 mission to the occupied territories cited above, ICAO emphasized the need to restructure the Palestinian Civil Aviation Authority and to establish a comprehensive training programme with the technical assistance of ICAO.

1. Main development needs

63. The years of very limited access of Palestinians to public office and the absence of opportunities for experience and training in the field of public administration, have left Palestinians with an impoverished public administration capacity. Palestinians have expressed the need to develop stable and lasting public institutions which can deliver public services to the Palestinian population in an efficient and effective manner. Public institutions should adopt and practice uniform and sound administrative and management practices and develop a well-functioning civil service that can implement policy decisions within a cohesive framework of Palestinian law.

64. Public sector institution-building in the West Bank and the Gaza Strip requires assistance in four key areas critical to stability and sustainability of the public institutions: the structure and operation of the ministries, the layering of administrative capacity, human resources management and development, and the legal system.

65. The Palestinian Authority has repeatedly stated that it is working towards the visible demarcation of responsibilities among its ministries in order to rationalize their respective roles and to define the relationships between them. The operational and administrative procedures that the ministries use to conduct their day-to-day business need to be improved, and there needs to be (a) a degree of decentralization of decision-making to qualified managers and technical specialists; (b) a building up of a professional civil service based on merit; (c) an improvement in communication flows within the ministries; and (d) a procedure for record-keeping in order to establish a solid foundation for institutional memory. In addition, there needs to be clarification as to which layer of the administration - central government level, local government level or non-governmental organization level - bears responsibility for what fields, in light of comparative advantages of each and the benefits to the development of government and civil society.

66. The Palestinian Authority must develop standardized and uniform procedures, establish a performance-related career system and provide training to its civil servants. Training requirements throughout the Palestinian Authority are large, but can be grouped into the following categories: training in public sector management throughout the ranks of the Palestinian Authority, specialized training in functional areas and training in administrative processes. As with other administrations, there is a need to centralize the functions of assessment of Palestinian Authority training requirements.

67. Economic and social development, democratic consolidation and the promotion and protection of human rights all require a strong, rational and predictable legal system for their effective implementation. The current situation is characterized by a patchwork of Ottoman, Egyptian, Jordanian, and British Mandate laws, Israeli military orders, Palestinian decrees and a justice system which is nascent and ill-equipped. Rationalization and reform of the legal system to international standards, with the corresponding independent administration of justice, represent sizable tasks for the Palestinian Authority, and the Authority could benefit from appropriate international support in fairly protecting the population's interests under the rule of law.

2. Integrated United Nations approach

68. The strategy of the United Nations system for support to institution-building is aimed at moving beyond emergency and start-up assistance to the nascent Palestinian Authority institutions towards long-term issues of building sustainable national capacities in all aspects of governance. Once sectoral development strategies have been articulated by the Palestinian Authority, follow-up technical and advisory support can be provided by the United Nations system.

69. A key starting-point in public administration development was the May 1995 UNDP mission, through its Management Development and Governance Division, to work with the Palestinian Authority to identify needs for action in public administration development and begin the process of formulating an overall national strategy for public administration development.

70. The mission discussed the clarification of ministry mandates with the Palestinian Authority, emphasizing that it should be handled in such a way as to meet the development needs defined above. The mission also raised the issue of the development of an internal management framework to steer, coordinate and implement its public administration development activities. An appropriate structure for undertaking public administration development needs to be put in place both at the policy-making level, so that policy decisions effecting public administration development can be made, and at the operational level, so that the groundwork, including studies and technical work, can be undertaken upon which recommendations for policy decisions will be made. Training for civil servants must also be a priority, as should strengthening local government structures to promote the full contribution of Palestinian municipalities, towns and villages to national development. An exchange of experience and expertise needs to take place between large and relatively successful municipalities and smaller village and local councils; the supporting and coordinating role of the

Ministry of Local Government Affairs needs to be strengthened; and the role of Palestinian non-governmental organizations, many of which operate in the public sphere, needs to be rationalized. The technical expertise of Habitat can be utilized here.

71. In addition, the difficult process of developing a fully Palestinian legal framework, based on the existing laws as a starting point, needs to be undertaken in order to legitimize the legal system and provide a solid legal foundation for development. Further support will also be required for the strengthening of institutions for the administration of justice.

C. United Nations assistance in employment generation

72. ILO has been monitoring the conditions of workers in the occupied territories for almost two decades. The Director-General of ILO provides the International Labour Conference with an annual report on the situation of workers of the West Bank and the Gaza Strip. Soon after the September 1993 signing of the Declaration of Principles on Interim Self-Government Arrangements, Palestine Liberation Organization Chairman Arafat wrote and asked ILO to prepare a "blueprint" for the employment and social sectors of the West Bank and Gaza Strip. The ILO policy and programme suggestions, agreed to by the Palestinian Authority in January 1994, is contained in a report of January 1994 entitled "Capacity-building for social development: programme of action for transition in the occupied Palestinian territories."

73. In July 1994, the Special Coordinator and UNDP in cooperation with the Programme Management Unit of the Palestinian Economic Council for Development and Reconstruction, launched an $8 million employment generation/public works programme with funds from Japan and Norway. The two principal objectives of the programme, which became known as the "Gaza clean-up", were to create jobs immediately and to generate improvements in the overall quality of life for Palestinians in the Gaza Strip.

74. The first phase of the "Gaza clean-up" programme (September 1994-February 1995) sought to rehabilitate the poor state of infrastructure in the Gaza Strip, improve environmental conditions and undertake a massive house and public buildings painting campaign. Solid waste from public areas was collected and several parks were rehabilitated, improved and equipped to provide communities with an improved social environment. The programme was implemented in five areas of the Gaza Strip using over 22 small contractors and with a direct labour content of over 4,000 temporary jobs, many of them for ex-detainees.

75. The "Gaza clean-up" initiative illustrated the immediate impact that coordinated efforts can have. The sectoral working group on employment generation of the Local Aid Coordination Committee has since prepared two documents identifying priorities and projects in the area of employment generation. Through the coordinated efforts of UNRWA, ILO, UNDP, the Programme Management Unit of the Palestinian Economic Council for Development and Reconstruction, and donors, the sectoral working group on employment generation has identified rapidly implementable project proposals amounting to over

$60 million, all designed to generate employment opportunities in the Gaza Strip and Jericho.

76. In this connection, UNRWA received funding amounting to $10.5 million in the Gaza Strip for shelter rehabilitation and environmental health projects, and is currently in the final stages of negotiations for funding of the construction of playgrounds and schools. As a natural progression from this initiative, a second package of proposals is being formulated, covering more sustainable job creation, over a longer time scale. UNRWA has identified the need to construct additional schools, upgrade its vocational training centre, extend the graduate trainee programme and implement various environmental health projects. These proposals will provide much-needed services to the community, and at the same time will provide employment opportunities. UNRWA's Income Generation Programme, which runs a revolving loan programme in support of small enterprises, also targets job creation as a priority in its project development.

77. UNDP received funding for the following programmes which are being co-implemented with the Palestinian Economic Council for Development and Reconstruction: (a) the Gaza clean-up project, completed in December 1994; (b) the parks and neighbourhood re-transformation project, presently under implementation; (c) the employment-intensive tiling and paving programme for Gaza City, launched in December 1994; (d) paving and tiling of roads and sidewalks; and (e) rehabilitation of social infrastructure.

78. ILO has the following ongoing employment-related activities: reintegration, through employment, of ex-detainees; assistance in the creation of a Ministry of Labour and the development of labour policy and legislation; capacity-building of the Federation of Palestinian Chambers of Commerce; capacity-building for Palestinian trade union federation; an income-generating programme for the disabled through the production and maintenance of wheel chairs; assistance to the Palestinian Central Bureau of Statistics, including a regular labour force survey; and technical assistance, including the preparation of a strategy paper, for labour-intensive infrastructure.

79. The main implementing agencies specifically addressing the unemployment problem are UNRWA, UNDP and the Palestinian Economic Council for Development and Reconstruction. Other project managers include sector ministries, municipalities, village councils and non-governmental organizations. The management capacity of these implementation agencies has expanded considerably in the last year. UNRWA has increased its job creation activities from $1 to $2 million per year prior to the signing of the Declaration of Principles, to about $35 million in 1994. The figure for UNDP for 1994 is $22 million, up from $11 million, and the Palestinian Economic Council for Development and Reconstruction is currently managing over $15 million worth of infrastructure projects. In order to expand the employment generation programme, all existing project management capacity, in particular project implementation capacity, will have to be used effectively, and, furthermore, additional capacity will have to be created.

1. Main development needs

80. Unemployment in the Gaza Strip is the most immediate social and economic problem facing the development effort in the occupied territories. Massive unemployment is at the core of social, economic and political instability. It is causing severe damage to Palestinian society and is a potential threat to the stability upon which development and peace must be built. Palestinians, donors and the United Nations are in agreement over the need for short-term employment generation programmes focused on the Gaza Strip.

81. A preliminary review by ILO of the construction techniques presently in use indicates that shifting to more labour-intensive techniques for certain activities (e.g. sewerage and surface drainage) could create additional employment, while for other construction activities (e.g. building of schools) possibilities for increasing the labour-intensiveness are very limited. To obtain a more substantial enhancement of employment in the short term would require an immediate increase in the volume of infrastructure investments.

82. Unemployment is a structural problem requiring long-term solutions. The economy of the Gaza Strip is at present incapable of absorbing those workers who are currently unemployed, and it is unlikely that it will be able to absorb the expected increases in the number of job-seekers in the years ahead. Specific measures to address this problem should encompass a combination of policy instruments at both macro and micro levels and should include labour migration, employment services, training and development of small and medium-sized enterprises as part of the development of a job-creation strategy for the Gaza Strip.

2. Integrated United Nations approach

83. A United Nations strategy should focus on increasing the labour-intensiveness of individual projects, while simultaneously increasing the volume of projects undertaken using all available implementation capacities. This is being pursued by UNDP, UNRWA and ILO through the Local Aid Coordination Committee sectoral working group on employment generation, together with the Palestinian Authority and donor countries. In addition, an integrated approach to addressing the unemployment crisis in the occupied territories, developed by the ILO as the Palestinian Employment Plan, would seek to create the policy conditions for sustained economic growth, and, in particular, to strengthen the employment policy formulation capability of the Ministry of Labour. The approach should work to improve the small enterprise environment, providing necessary support and services to improve productivity and income from self-employment and entrepreneurship. In addition, expanding the social safety net for widows, orphans, the disabled, the sick and ex-detainees and improving the quality, relevance, and labour market orientation of human resource development should be a priority of employment policy. Improving employment opportunities in Israel and the region is fundamental to addressing unemployment in the West Bank and the Gaza Strip.

84. In addition, three strategic priorities for project development have emerged from joint consultations between the United Nations, donors and the

Palestinian Authority: (a) infrastructure improvements should produce permanent benefits for the population of the Gaza Strip; (b) the labour-intensive approach should not be restricted to short-term emergency projects, but should also be applied to non-emergency projects where feasible and where cost-effective and timely execution is possible using labour-intensive methods; and (c) the identification and prioritization of projects should be carried out through consultations between the Palestinian Authority, municipalities, the United Nations and donors.

D. United Nations assistance to private sector development

85. UNDP assistance to private sector development has been designed to meet emerging needs in the light of the prevailing circumstances in the West Bank and the Gaza Strip. UNDP has supported initiatives in the field of management assistance, management and technical training, improved marketing facilities, credit and capital assistance, as well as training in modern irrigation techniques to help address the diminishing water resources in the Gaza Strip and the cost of production. When citrus markets in Eastern Europe became inaccessible to Palestinian citrus produce, a citrus processing plant project was initiated in the Gaza Strip to absorb the overproduction. The fisheries sector, a staple sector of the Gaza economy, was supported by strengthening the fishermen's cooperative, helping it to build an ice factory and a fish market. Agriculture export marketing to Europe was bolstered through the construction of a packing and grading factory and cold storage facility at Beit Lahia cooperative in Gaza.

86. Upon the reactivation of the Palestinian Chambers of Commerce in 1991 and realizing the importance of private sector organizations, UNDP organized and conducted a study tour of representatives of all the Palestinian Chambers of Commerce to a number of Arab and European countries. Business development was modestly addressed through provision of advisory services, training, credit and strengthening of vocational training centres in both the West Bank and Gaza. As of the beginning of 1995, UNDP began implementation of its TOKTEN programme to mobilize Palestinian diaspora skills to assist private sector development and strengthen the supporting institutions that would nurture its growth.

87. UNRWA established its income generation programme in the Gaza Strip and the West Bank in 1991 in the form of a revolving loan fund to assist small businesses in both formal and informal sectors of the economy producing goods for sale locally and abroad. The goal of the programme is to create employment opportunities by promoting creation and expansion of small businesses primarily in the manufacturing and the productive sectors of the economy. In less than four years, the fund's capital base in the Gaza Strip alone has grown from approximately $300,000 to $4 million, supplying credit to over 170 small enterprises. The programme provides management support and training for entrepreneurs and, despite repeated shocks to the Gaza Strip economy, has managed to maintain a high repayment rate. At present, 35 per cent of its Gaza Strip capital fund of $4 million is made up of repaid funds.

88. The United Nations Conference on Trade and Development (UNCTAD) has published a number of economic studies and surveys on the Palestinian economy

that have been used as references for research on the economies of the West Bank and the Gaza Strip. The UNCTAD secretariat has completed the first part of an inter-sectoral research project on prospects for sustained development of the Palestinian economy, identifying major problem areas and the immediate needs of the various economic and social sectors.

89. The International Fund for Agricultural Development (IFAD) has been active in supporting development work in the West Bank for several years through the non-governmental organization American Near East Refugee Aid (ANERA), and, since 1991, the International Trade Centre (ITC) has been exploring ways to support agricultural marketing of West Bank and Gaza Strip produce. At the request of the Special Coordinator, ITC has also prepared a proposal for a technical cooperation project on the establishment of industrial zones in Gaza and the West Bank.

90. The United Nations Industrial Development Organization (UNIDO) has long been delivering services for the industrial development of the occupied territories. From 1980 to 1993, 15 technical assistance projects were carried out, ranging from a survey of the manufacturing industry in 1986 to human resources development to pre-feasibility project identification studies as well as assistance to the chemical industries. In late 1994, UNIDO developed a programming strategy for services to the Palestinian people, through which UNIDO would provide technical assistance in the areas of private sector development, development of small- and medium-scale enterprises, human resources development for the industrial sector, acquisition and application of technology to enhance competitiveness and industrial regional cooperation and integration.

91. In its January 1994 report, ILO proposed a programme of action to contribute to capacity-building for the labour and social sectors through institution-building and training of institutional leadership, particularly the Palestinian Authority's Ministry of Labour, workers' organizations, such as the General Federation of Trade Unions both in Gaza and the West Bank, employers' organizations and the Chambers of Commerce. ILO has already begun efforts to strengthen the Ministry of Labour, has an ongoing project with the Palestine Statistical Bureau for the preparation of labour statistics and is assisting the Chambers of Commerce to review their constitutions and establish a computerized enterprise database.

92. The Food and Agriculture Organization of the United Nations (FAO) and ESCWA have jointly undertaken several agricultural sector studies, in 1993 and again in late 1994, focusing on the role of the public agricultural institutions. A programme of action has been recommended for the restructuring, development and strengthening of the Palestinian agricultural institutions. ESCWA has also addressed the need to develop entrepreneurship through training of trainers and training of potential entrepreneurs.

1. Main development needs

93. The Palestinian Authority, as clearly delineated in its Programme for the Development of the Palestinian National Economy, emphasizes an economic policy lead by private sector growth. The role of the public sector is seen as one

which should be defined by policies to enable private sector development (e.g. the establishment of predictable and guaranteed regulatory frameworks, public sector development of infrastructure, etc.).

94. The private sector accounts for about 85 per cent of GDP of the occupied territories. The sector is vulnerable because of its dependence on Israel as its principal trading partner (70 per cent of West Bank and Gaza Strip trade exports are to Israel) and supplier of raw materials and many finished products. In addition, one quarter of the Palestinian labour force is dependent on employment in Israel. The repeated closures have, therefore, had a negative impact on the private sector in Gaza, causing permanent reductions in consumer purchasing power and other manifestations of recession. Over time, the prohibitive investment environment in the occupied territories has stunted economic diversification. Private sector investments are heavily concentrated in the construction sector; 85 per cent of investments are made in construction, primarily in housing.

95. There is no substitute for a stable political environment and clear and efficient governance to induce investments and increase economic activity. The Palestinian Authority has inherited a fragmented institutional framework that is ill-equipped to prepare and implement development programmes or coordinate and administer the sizeable and varied inputs from donor countries. The need to strengthen the new Palestinian ministries and institutions to assist in creating an enabling environment is a great and immediate priority.

2. Integrated United Nations approach

96. The interventions of the United Nations system in private sector development should promote sustainable economic development through the support of local capacities, while taking full account of the needs of women and marginalized groups. In partnership with Palestinian counterparts, the United Nations should help to promote Palestinian Authority strategies and priorities, complement World Bank efforts in this sector and operate within a regional development perspective.

97. The planned approach of the United Nations system to development of Palestinian capacities in trade includes advice to the Palestinian Authority on foreign trade strategies and the establishment and strengthening of the institutional infrastructure for trade development and promotion. At the level of the enterprises themselves, United Nations agencies plan to support product and market development for selected sectors (including quality upgrading) as well as assistance to trade and industry in diversifying their exports through the establishment of effective and efficient trade support services (e.g. purchasing and supply management, trade information, quality management, costing and pricing, support to small and medium-sized enterprises, export-oriented joint ventures and legal aspects of foreign trade). A number of technical cooperation projects have been prepared by ITC and UNCTAD, the agencies specialized in trade issues. UNIDO has expressed an interest in the area of product development.

98. The United Nations system should provide technical assistance in support of investment promotion through the creation of an appropriate institutional and procedural framework for investment promotion. ITC and UNCTAD should contribute substantively to investment promotion and, through UNIDO, should build capacities to plan and assess industrial investments. Advisory and direct consultancy services need to be developed for potential investors in the preparation of pre-investment studies and the determination of an optimal financing plan. There is also a need for advice and training in support of export-oriented joint ventures, as well as training to increase the managerial skills of personnel in financing institutions.

99. Entrepreneurship is an important area of private sector development, as well as for the generation of employment. ESCWA, UNDP, ILO and UNRWA should continue to implement programmes to assist the Palestinian Authority to formulate and implement a plan of action to develop a conductive environment for entrepreneurship and self-employment, including harmonization and simplification of laws, rules and practices relating to small business registration, start-up and operation. ESCWA has formulated project proposals for the establishment of business and technology incubators to nurture new manufacturing start-ups and the creation of a National Small Business Council. ILO is proposing to revitalize the small business sector by building capacities for integrated small enterprise promotion through the Chambers of Commerce. The United Nations approach to the expanding informal sector seeks to increase the (low) participation rate of women in business start-ups and assist the Palestinian Authority, non-governmental organizations and private sector institutions in developing and implementing special financing and credit schemes for promoting entrepreneurship and starting small-scale businesses. ESCWA should expand its training programmes to support potential entrepreneurs, particularly women and social groups affected by unemployment.

100. A priority of private sector development is to organize and strengthen agricultural public institutions and address issues to support agricultural exports. The FAO strategy for agricultural development calls for an action programme to restructure, develop, and strengthen the Ministry of Agriculture in the context of ongoing development activities by the non-governmental organization community. ITC can provide direct consultancy services in export marketing of agricultural produce, with a view to the expansion and diversification of exports, by-products and markets. To overcome non-tariff barriers, UNDP formulated an action programme for pesticide residue testing and control of agricultural produce.

101. Industrial development requires support from the Palestinian Authority to create a favourable environment for industrial investment. Institutions should be set up to help enterprises obtain access to foreign markets, and industrial support services and infrastructure should be improved, including (a) industrial strategy and policy advice; (b) advisory and institutional support services on industry-related implications of global and regional economic and trade agreements; (c) establishment of the unified base of statistics and data on the manufacturing sector; (d) strengthening of the Chambers of Industry, industry associations and other concerned non-governmental organizations; (e) establishing a standards institution, setting industrial standards and introducing quality assurance measures. Industries of all sizes require access

to up-to-date information in a broad spectrum of areas, including technologies, equipment and machinery, patents, environmental protection, investment opportunities, technology transfer options, market trends and export potentials. In particular, small and medium-sized industries also require support in entering into joint venture arrangements and technology transfer negotiations and developing techniques of innovation, productivity and quality control for international competitiveness. In addition, small and medium-sized enterprises require sectoral policies, networking and basic technical support, while the capacity for developing human resources must be built up so that emerging industries in the occupied territories can respond effectively to the new industrial development challenges.

E. United Nations assistance in education

102. UNDP, UNESCO, UNICEF and UNRWA have all played important roles in assisting the education sector in their specific capacities.

103. Between 1986 and 1993, the education sector received special attention from UNDP, focusing on building governmental and non-governmental schools in cities and in assisting some private schools at different levels. In 1992, the programme policy shifted to focus on classrooms for girls in rural areas. UNDP policy at present is to work in close cooperation with the Palestinian Authority Ministry of Education as well as with relevant non-governmental organizations. Current educational activities are focused mainly on provision or rehabilitation of infrastructures, such as construction of additional classrooms in villages, rehabilitation of two agricultural school buildings in the West Bank and Gaza Strip, rehabilitation of a school complex in Jericho and others. UNDP is presently implementing a comprehensive study on the school drop-out rate for girls and is planning a training series in leadership skills from a gender perspective for women already employed in government positions.

104. For more than four decades, UNESCO assistance has included promoting a Palestinian cultural identity, providing senior educational advisers to UNRWA, assisting in the development of an open learning system, granting fellowships to Palestinians studying abroad and providing equipment and furniture for the education institutions. Missions have been organized by UNESCO, in coordination with UNRWA, the World Bank, UNDP, UNICEF, ILO, UNIDO and WHO, aimed at reviewing the situation of education and identifying the needs associated with the reconstruction and development process. A Programme of Assistance to the Palestinian People, including 12 project proposals for education (basic and secondary education, management of the education system and higher education) was agreed to in May 1995 by the Palestinian Authority and UNESCO. A Plan of Action has been adopted by the PLO/UNESCO Joint Coordination Committee comprising 26 activities.

105. UNICEF's programme of assistance to Palestinian women and children started in the West Bank and Gaza in 1980, focusing on the fields of health and education. In 1991, a larger UNICEF operational presence resulted in expanded cooperation in the fields of youth activities, out-of-school and community-based education, primary education and early childhood development. In the health sector, UNICEF is focusing on increasing and improving the quality of basic

services delivery to children and women and on filling critical gaps in what was a continuous emergency situation. In the absence of a government counterpart, support to educational projects centred on UNRWA and non-governmental organizations. Since August 1994, the UNICEF Jerusalem office has been upgraded to undertake an expanded programme in the West Bank and Gaza. In cooperation with the Palestinian Authority, the Ministry of Education, as well as with non-governmental organizations, the UNICEF educational programme comprises basic education, psychosocial rehabilitation of children and youth, early childhood development and non-formal education.

106. Since 1950, UNRWA has been the single largest provider of education in the Gaza Strip, ensuring free elementary and preparatory education to 109,833 refugee children in 159 schools, of which 108 schools operate on a double-shift system, utilizing a budget of $35.4 million in 1993 and employing 3,170 teachers. In the West Bank, UNRWA is responsible for the technical and administrative supervision of elementary and preparatory education, comprising a total of 100 schools. The Agency has had to build and/or rent more schools and classrooms and employ more teachers to accommodate the natural increase in the school population. UNRWA also provides vocational training courses to Palestinian refugees with skills in industrial areas, trades, crafts or occupations (designing, producing, assembling, servicing or repairing of manufactured products). UNRWA's training centres play an important role in preparing young Palestinian refugee boys and girls for employment opportunities.

1. Main development needs

107. The Palestinian Authority took charge of the educational system on 28 August 1994 for the first time after 27 years of occupation. For the Palestinians, in general, and for the Ministry of Education, in particular, this transfer of authority represented a real challenge to work on upgrading the educational system and raising its standards to provide Palestinians with better conditions of living, meet the needs of Palestinian society and to be able to interact and compete with the world community.

108. In the past 27 years, higher education institutions in the West Bank and Gaza Strip were established independently and have continued to operate during the occupation, under the coordination of the Council for Higher Education. There are now 8 universities, all private, with an enrolment of 29,508 students in 1994-1995, and 21 community colleges (5 government, 12 private and 4 UNRWA), with 7,500 students. Though higher education is comparatively well-developed in quantitative terms, its major concern is that of academic quality and difficulties arising from the temporary closure of universities by military order during the period of the intifadah.

109. In basic (grades 1-10) and secondary education, the situation is more complex. Since 1948, the West Bank and the Gaza Strip have followed different educational systems - the Jordanian system for the West Bank and the Egyptian system for the Gaza Strip. Education has been provided in three ways during the occupation - public schools administered by the Israeli authorities, UNRWA schools and private schools. The total number of public schools, UNRWA and private schools is 1,433. During the 1994-1995 school-year, 238,000 students

were enrolled in the Gaza Strip and 345,000 in the West Bank (not including private schools). The gross enrolment rates in 1994 were the following: 70 to 85 per cent for primary schools, 45 to 65 per cent for preparatory schools and 25 to 35 per cent for secondary schools. Girls account for 48 per cent of total enrolment of primary education and 44 per cent of secondary level. Recent research shows comparatively low achievement levels in school education, which can be explained by the disruption of the school system during the last decade, the closing of educational institutions for long periods, the shortage of funds and equipment and the lack of maintenance of school facilities.

110. Pre-school education is usually supported by the private sector and by non-governmental organizations. With the limited funds available to the education sector, it should continue to be supported privately, and the Ministry of Education could play a supervisory role.

111. Non-formal education programmes (adult education/literacy) are usually carried out and supported by a variety of social and educational institutions as well as by non-governmental organizations. The Ministry of Education does not provide financial support for non-formal education, but it plans to supervise the quality of teachers and of teaching in literacy programmes, to support literacy centres and continuing education units and to provide the legal framework for the integration of formal and non-formal education programmes. More integration and linkages between formal and non-formal education should be encouraged to sustain education as a field covering a full range of learning needs of children, youth and adults.

112. The Ministry of Education is in need of external assistance to develop the educational system because of a lack of financial resources and technical expertise. Development projects are currently planned by the Ministry of Education in order to raise the quality of education and introduce a unified educational system, to develop the skills required in the modern world, to train high-level technicians and scientists and to launch inter-university cooperation programmes. Emphasis is also laid on the integration of young people and adults whose studies or careers were interrupted because of the emergency situation and on the need to offer them opportunities for work through training programmes.

113. On several occasions, the Ministry of Education has stressed the necessity and the importance for the donor community to harmonize the project proposals with the following priorities: (a) supporting school rehabilitation and reconstruction; (b) providing schools with equipment and educational material; (c) supporting teacher training; (d) establishing and supporting a curriculum development centre; (e) developing the community colleges; (f) supporting the planning and information system; (g) improving qualitative development of higher education institutions and research; (h) developing the capacity of the Ministry of Education; (i) supporting non-formal education and special education.

114. Within the objective of sustaining universal access to basic education and developing secondary and higher education, the Ministry of Education emphasized the importance of fostering education for girls and women.

2. Integrated United Nations approach

115. The United Nations approach is to build local capacities for implementation of policies and programmes in line with the World Declaration on Education For All and the United Nations Convention on the Rights of the Child, stipulating that by the year 2000 all children should have access to primary education and at least 80 per cent of them should achieve a basic minimum level of primary education. Early childhood activities should be expanded and adult illiteracy rates should be halved, with a particular focus on reducing gender disparity, focusing on the education of girls and women. Support for capacity-building of the Palestinian Authority institutions has become a priority for UNICEF and the formulation of a national programme of action has become an immediate goal to ensure political and social mobilization and long-term planning for children.

116. Based on consultations with the Ministry of Education, the United Nations inter-agency meeting, held in Gaza on 15 and 16 June 1995, agreed upon principles to guide the United Nations strategy for education which included: (a) United Nations compliance with the strategies and priorities established by the Ministry of Education; (b) cooperation among United Nations sister agencies, in close coordination with the Office of the Special Coordinator, the donor community and the non-governmental organizations; (c) consultation with United Nations agencies to emphasize complementarity of programmes; (d) sharing of expertise and experiences of the United Nations agencies and the Palestinian Authority; (e) coordinated fund-raising efforts.

117. In light of the needs identified above, United Nations agencies and programmes, in cooperation with the Ministry of Education, have targeted the following areas of assistance: the planning, monitoring and management capacities of the Ministry of Education need to be strengthened, particularly in the areas of assessment of teaching and learning, data collection and analysis, policy planning, budgeting and financial analysis and training and supervision of administrative and professional staff.

118. Educational infrastructures require upgrading and expansion. The lack of investment during the occupation and rapid population growth have left the educational infrastructure overburdened (double or triple shifts and shortage of facilities). Most schools, whether belonging to UNRWA or the Palestinian Authority, are overcrowded, with the average classroom size currently exceeding 50 pupils. Decreasing the average class size is necessary to improve both access and quality. Additional classrooms and schools are required for the growing student population. In addition to selecting schools to be upgraded or built, the issue of equity between regions and genders should be assessed, with studies on selected policy matters, such as reducing imbalances for disadvantaged groups and increasing internal efficiency, in order to enable policy makers to make decisions based on in-depth analyses of local conditions and on comparative analysis of countries facing similar problems.

119. Palestinian children and youth lack a safe and enriching out-of-school environment to promote their psychological well-being and growth. Early childhood development and the social, emotional and cognitive development needs of young children should be accorded more resources and should be addressed more systematically. In addition, informal education programmes, such as literacy

and adult education programmes and community-based education activities (integration of "life skills" learning, use of play, arts, recreational activities) need to be supported.

120. Higher education, vocational and technical education should be re-examined and the linkage of higher education institutions with the new economic and social needs and the community should be analysed and strengthened. Teaching and learning quality should be advanced through the establishment of a curriculum development unit, which would provide a unified standard of education for both Palestinian Authority and UNRWA schools in the West Bank and Gaza, based on improved content, teaching methods, student achievements and attitudes.

121. Close relations have been established by UNRWA with the Ministry of Education in the field of in-service training for teachers and maintenance of government schools, providing the Ministry of Education with a supporting and advisory role. In close cooperation with the Palestinian Authority, UNRWA is planning an assessment of teaching standards and a project proposal for the upgrading of teachers' qualifications. An evaluation of educational facilities will also be undertaken to improve the quality of accommodation.

122. ITC is interested in supporting training activities for human resources development. Within the framework of a project for capacity-building for social development, ILO is currently supporting vocational education and training activities. The United Nations Population Fund (UNFPA) has expressed the interest and availability to support the field of health and population education, targeting in particular girls and women. No projects are currently implemented by the United Nations Development Fund for Women (UNIFEM), but work is in progress to analyse the situation and to identify areas of collaboration with other agencies (analysis of gender gaps to promote equity of education). UNITAR has expressed its willingness to build and strengthen human capacities with training courses and packages for higher education, for a planned amount of $700,000 for the next two years.

123. The role of WHO in the education sector is through health education, human resources development and training of medical staff (mental health centre in Gaza, mother/child health education), in particular for new specialities and for supporting medical schools.

F. United Nations assistance in health

124. United Nations organizations have played an active role in the health sector. UNDP, UNFPA, UNICEF, UNRWA and WHO have all been actively engaged in discussions with the Palestinian Council of Health prior to the redeployment in May 1994 and later with the Ministry of Health. These agencies assisted in developing health sector plans that incorporate a national approach to planning in the health sector, while taking note of the Interim Action Plan which was presented by the Ministry of Health.

125. UNDP is contributing to the health sector by supporting and facilitating the work of the Palestinian Coalition for Women's Health. The Coalition is working on policy formulation at the grassroots level. The Coalition has

prepared a Palestinian Policy on Women's Health, is training health care providers and has launched wide-scale awareness campaigns. Through its Rural Development Project, UNDP is also supporting the training of women health workers and is financing two community-based clinics in two northern villages.

126. In addition, UNDP has been actively involved in the environmental health sector, addressing such issues as construction rehabilitation, upgrading and maintenance of water supply schemes in rural and urban areas, sewage collection systems, training of municipal staff, water resources management and public awareness campaigns.

127. UNFPA has been requested by the Ministry of Health to develop a reproductive health care programme at the primary health care level, including information activities, in accordance with the recommendations of the International Conference on Population and Development held at Cairo in September 1994.

128. UNICEF's programme components in the health sector include the Expanded Programme of Immunization and the Control of Acute Respiratory Infections and Control of Diarrhoeal Diseases programmes. In tackling nutritional issues, UNICEF has initiated the Baby Friendly Hospital Initiative. UNICEF is also involved in projects in the areas of maternal health, health services management, psychosocial health and early childhood development.

129. In line with the World Summit for Children goals for children and the United Nations Convention on the Rights of the Child, UNICEF has developed a programme of assistance which targets the development of policy and protocols in the health sector and supports the management, human resources development, monitoring and evaluation of projects. Accordingly, UNICEF has initiated and supported the development of the National Programme of Action for Children. UNICEF is currently supporting the establishment of a permanent Health Services Management Unit.

130. UNRWA has had a long involvement in the health sector in the Gaza Strip, where it provides 75 per cent of primary health care services. UNRWA's 65 doctors, 149 nurses and 35 paramedics, among other health professionals, in Gaza operate out of nine general service health centres, six of these on double shift. There are an additional seven mother and child health clinics, as well as dental and specialist clinics. UNRWA subsidizes 50 out of the 85 beds in the Ahli Arab Hospital in Gaza City. In 1993, UNRWA began construction of the Gaza Hospital, a 230-bed facility near Khan Younis. The Hospital is nearing completion and will serve the southern Gaza Strip. The acquisition and expansion by UNRWA of Gaza's principal nursing college will contribute to the staffing of the hospital now under construction.

131. UNRWA's health services provide primary health care as well as hospital service at the secondary and tertiary levels. Hospital services are provided at UNRWA's hospital in Qalqilya town and at other hospitals through subsidies (for example, UNRWA subsidizes 118 beds at the Augusta Victoria Hospital in Jerusalem and over 50 beds at a number of institutions throughout the West Bank).

132. Under the first phase of its Peace Implementation Programme, UNRWA has received funding for environmental health projects (e.g. upgrading solid waste and sewerage/drainage in the West Bank and Gaza Strip), as well as the construction and rehabilitation of laboratories, clinics, health centres and other health institutions. Funding has also been received for health education campaigns, training programmes and medical supplies. Under the second phase, further environmental and other health projects have been identified and designed and are ready for implementation.

133. WHO assistance has focused on institutional development of the Palestine Council of Health and the Ministry of Health to meet the immediate health needs of Palestinians within the framework of the National Health Plan. WHO's objectives are to develop effective and efficient management capacities in the National Health Authority to upgrade health care services and ensure the continuity of health care provision; and to formulate a detailed five-year implementation plan.

134. Other agencies and programmes active in the health sector include the International Atomic Energy Agency (IAEA), which has prepared a technical assistance programme aimed at upgrading skills for application of nuclear science and technologies in the health sector. The World Food Programme (WFP) has been active in providing emergency food assistance as recently as March 1995, when WFP provided food support to 7,150 of the most destitute families in the Gaza Strip.

1. Main development needs

135. A Palestinian National Health Plan, drawn up by the National Health Plan Commission, targets three strategic orientations: disease prevention, health promotion and health protection. The Plan sets out a number of specific areas of concern, such as coordinating and developing an action plan for all health providers (the Palestinian Authority, UNRWA, the private sector and non-governmental organizations); reducing health disparities by region and social group; increasing access to services for all; encouraging cost effectiveness in health care delivery; developing health service standards and criteria of professionalism; and establishing a comprehensive health insurance system.

2. Integrated United Nations approach

136. The United Nations approach to the health sector is based on the mandates of United Nations organizations active in the sector and on support to the Palestinian National Health Plan. The United Nations approach includes technical assistance for health programmes and projects; support to health institutions; strengthening coordination of activities of the United Nations, non-governmental organizations and other agencies in order to avoid duplication; formulation of national and institutional policies and strategies; development of a universal base of health sector data required for health planning; strengthening national capacity to manage health services; and formulation of policies and strategies for human resources development.

137. The United Nations system should provide technical assistance in the areas of national health planning, education and training of health staff, rehabilitation of health facilities, implementation of environmental health projects, acquisition of equipment and medical supplies needed for specific projects and regional integration in health sector development. In addition, the Ministry of Health will require support in the establishment and/or strengthening of training institutions and the development of course curricula for training of trainers in technical and management aspects of health service provision. The Ministry of Health will also require United Nations assistance in the transfer of new technologies and the introduction of information management systems, as well as the establishment of standards, preparation of health legislation and introduction of quality control measures.

ANNEX

United Nations departments, programmes and agencies active in the occupied territories

Centre for Human Rights

Crime Prevention and Criminal Justice Branch

Department for Development Support and Management Services

Economic and Social Council for Western Asia (ESCWA)

Food and Agriculture Organization of the United Nations (FAO)

International Atomic Energy Agency (IAEA)

International Civil Aviation Organization (ICAO)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Maritime Organization (IMO)

International Telecommunications Union (ITU)

International Trade Centre UNCTAD/GATT (ITC)

Office of the United Nations Coordinator in the Occupied Territories

United Nations Centre for Human Settlements (Habitat)

United Nations Children's Fund (UNICEF)

United Nations Conference on Trade and Development (UNCTAD)

United Nations International Drug Control Programme (UNDCP)

United Nations Development Fund for Women (UNIFEM)

United Nations Development Programme (UNDP)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

United Nations Environment Programme (UNEP)

United Nations Industrial Development Organization (UNIDO)

United Nations Institute for Training and Research (UNITAR)

United Nations Population Fund (UNFPA)

United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

United Nations Volunteers (UNV)

Universal Postal Union (UPU)

World Food Programme (WFP)

World Health Organization (WHO)